

Exhibit 1

3517-2

REPORT OF PROFESSOR DAVID M. CUTLER

In Re: Juul Labs, Inc., Marketing, Sales Practices, and Products Liability Litigation

United States District Court Northern District of California

Case No. 19-md-02913-WHO

Bellwether Government Entities

January 28, 2022

HIGHLY CONFIDENTIAL

holding other determinants of store sales constant, but sales of tobacco and menthol pods are unaffected by school proximity.

Exhibit A4.2
Effects of Distance to the Closest School on Stores' 2018-19 Sales, in Pods:
Schools with Grades in the 6-12 Range, Excluding K-8 Schools
(Alternative Specification 1)

	<i>Dependent Variable</i>						
	Flavored pods	Mint pods	Tobacco pods	Menthol pods	Flavors & mint pods	Tobacco & menthol pods	Total pods
<i>Distance to closest school</i> ^A							
< 0.33 mile	1,160.6** (189.0)	1,216.4** (244.6)	-93.8 (229.2)	22.5 (24.7)	2,101.2** (379.1)	10.1 (218.3)	1,726.1* (601.8)
0.33-0.66 miles	805.1** (112.1)	1,174.9** (161.1)	-43.4 (224.1)	13.7 (35.3)	1,752.1** (329.6)	-4.2 (190.1)	951.4 (816.8)
0.66-0.99 miles	643.3** (128.7)	892.0* (241.6)	55.3 (299.8)	-3.4 (11.4)	1,457.8** (323.8)	134.4 (295.9)	639.9 (667.9)
1-1.49 miles	497.8** (69.2)	1,048.3** (211.4)	94.6 (185.2)	50.7 (52.0)	1,513.6** (374.1)	211.3 (205.9)	1,089.0 (964.8)
1.50-2.49 miles	374.4* (134.5)	643.7 (574.2)	-20.4 (261.6)	17.6 (71.5)	890.2 (773.9)	64.9 (327.0)	149.9 (1,388.5)
Controls for store, road, and zip code effects	yes	yes	yes	yes	yes	yes	yes
Number of observations	1,088	1,474	1,618	1,297	1,536	1,655	1,748
Adj. R-sq	0.352	0.471	0.357	0.333	0.449	0.371	0.454
Robust standard errors clustered at the Bellwether level in parentheses. ** = statistically significant at 1% level. * = statistically significant at 5% level. + = statistically significant at 10% level. ^A Omitted distance category is 2.5 miles or more.							

7. In addition to specifying effects of distance in distance intervals (as above), I also estimated the regression model with effects of distance on sales specified as a continuous measure (miles to the closest school). As above, I estimate the model both with and without K-8

Appendix 5

Effects of Altria Blitz Visits and ITP Resets on Stores' JUUL Sales in the Bellwether Areas

1. To implement the regression analyses described in Section IV, I use the same fixed-effects panel-data regression model and same STARS data on weekly wholesale shipments of JUUL products to retail stores as used in my September 2021 Expert Report. Appendices 11 and 12 of that Report provide details of the model and variable definitions. Here I provide additional information on how the models were estimated for the Bellwether Areas.

Altria's Blitz Campaign

2. For the analysis of Altria's Blitz campaign, I estimate the model separately for each Bellwether Area. For King County, WA, Palm Beach County, FL, and San Francisco, CA, the set of stores used to estimate the model is as before, i.e., stores located in a city or town within King County or Palm Beach County, respectively, or having a "San Francisco, CA" street address in the San Francisco case. For the other three Areas, I analyze stores from areas somewhat larger than Government Entity's jurisdiction to have a sufficient statistical basis for comparing sales of Blitzed and non-Blitzed stores. For Tucson Unified, I use all stores within the Tucson, AZ, Core-Based Statistical Area (CBSA), as defined by the U.S. Census Bureau. For Goddard Unified, I use the Wichita, KS, CBSA. For Rochester, NH, I use stores located in the same three-digit zip code as Rochester (038) and in the adjacent three-digit zip code area in Maine (039). Exhibit A5.1 shows the resulting numbers of stores per Bellwether, as well as shares of stores that received Altria Blitz visits.